

enter public service a small break from the crushing debts they incur attending higher education. Offering loan cancellation also highlights the need for well-trained people to enter public service and honors those who choose to enter public service. This is the kind of incentive and reward we should be doing more of and I thank the Senate for accepting my amendment earlier that would provide Stafford loan forgiveness for child care workers.

Mr. President, I am here today because the future of both of these programs is in great jeopardy because we are unable to repay the universities' revolving funds what they are owed for the cancellation program. There are colleges that receive only 47% of what they are owed by the government. They are given the rest on an IOU.

Because Perkins loans are funded through revolving loans, the people who end up paying the price for this IOU are low income students who are eligible for Perkins loans in the future. As loans are canceled, and the government is unable to reimburse the revolving funds, there is less and less money available in the funds to generate new loans. It is estimated that 40,000 fewer students will be eligible for Perkins loans because of the declining money available in the revolving fund.

When you combine the pressure from the unfulfilled government obligations with recent cuts to the Perkins program in general, I believe that both these key programs are at risk. Congress has cut the yearly Federal contributions to the Perkins Loans revolving funds by \$58 million since fiscal year 1997. Since 1980, the Federal Government's contributions have declined by almost 80%. 900 colleges and universities around the country have cut their Perkins programs at least in part because they were not economically viable. In MN, colleges such as Metro State University have ended this valuable program in large part because they cannot afford to keep it going.

This means one thing and one thing only. There are less and less loans available for the lowest income students. The \$15 million the manager's package will provide will go far to reverse this situation.

Reducing the number of loans available is not the direction we want to be going given what we know about the rising importance of college education and the increasing need for financial aid.

A study from Minnesota indicates that for every \$1 that is invested in higher education, \$5.75 is returned to Minnesota's economy. A 1999 Department of Education study indicates that the real rate of return on investment in higher education is 12% based on earnings alone. This does not include savings on health care and other factors. Further, a recent poll found that 91% of the American Public agree that financial aid is an investment in America's future (Student Aid Alliance, 1999).

The numbers indicate that this is true. In 1998, men who had earned a bachelors degree earned 150% more than men who had received only a high school diploma. Women earned twice as much. (NCES, "Condition of Education, 2000," 2000). College graduates earn on average \$600,000 more in their lifetime than people with only a high school diploma. (US Department of Commerce, Bureau of the Census, 1994).

Despite the obvious benefits of investments in higher education, funding is declining. Since 1980 to 1998, the cost of higher education has almost tripled, leading to a decline in the purchasing power of federal grant programs. The maximum Pell grant this year is worth only 86% of what it was worth in 1980, making the Perkins program a more important part of low income students' financial aid package. Yet, the numbers of institutes of higher education offering the Perkins Loan Program has declined by 80% over the past 20 years. During the last decade, student aid funding has lagged behind inflation, yet in the next ten years, more than 14 million undergraduate students will be enrolled in the nation's colleges and universities, an increase of 11 percent. One-fifth of these students are from families below the poverty line. Many of them are the first in their families to go to college.

The effect of the decline in funding has a disproportionate impact on low income students—the very students that Perkins is designed to help. Studies show that an increase in tuition of \$100 lowers the enrollment of low income students by 1%. (McPherson and Shapiro, 1998). In Minnesota, students from families that make \$50,000 per year or more are three times as likely to attend a four year college as students from families who make \$30,000 per year or less (and I remind my colleagues that 83% of Perkins loans would go directly to these students with incomes less than \$30,000.) Further, more than 1/3 of students who enter college drop out. Often this is because they cannot afford to continue.

The Perkins Loan Program is vital to helping these low income students enter and stay in college. It would be a shame if the program failed because the government failed to pay universities back the money it owes this valuable program. By increasing the appropriation for the cancellation program, the managers have taken a strong step toward getting the government out of debt. I am also committed to seeing that this program is fully funded in the future. We have on-budget surpluses of \$1.9 trillion. We should use this appropriation to ensure that we are not in debt to the 40,000 fewer students who will not receive the Perkins loans they once could have because the federal government did not meet its obligation to pay for its own cancellation program.

These are America's poorest students who are simply trying to afford a college education. With a \$1.9 trillion surplus, we owe it to them to pay it back.

## MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate now proceed to a period of morning business and return to the pending business when I complete these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. I ask unanimous consent to speak in morning business for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

## APPROPRIATIONS

Mr. KENNEDY. Mr. President, before the Senate are the appropriations bills which provide the funding for education, health, and training programs. As I have mentioned over the past few days, I respect the work by Senator SPECTER and Senator HARKIN in trying to shape that proposal. We have some differences, even within the limited budget figures that were allocated, in areas we feel were shortchanged. We tried to bring some of those matters to the floor yesterday.

On the issues of making sure we will reach out in the areas of recruiting teachers, providing professional development for teachers, and mentoring for teachers, we received a majority of the Members of the Senate. I believe it was 51 votes. A majority of the Members felt that should be a higher priority than designated. Even in the majority party, there is a clear indication, particularly against the backdrop of the announcements made in the past 2 days with these enormous surpluses, that one of the priorities of the American people is investing the surpluses in the children of this country.

I think that is something that needs to be done. We are going to proceed during the course of this day on amendments which I think are very important. The next one, which will be offered by Senator DASCHLE to deal with issues of genetic discrimination and employment discrimination, is very important. We will go on, as has been agreed to by the leaders.

But as we are going through this debate, I cannot remain silent on the allocating of resources. We are hopeful, as a result of the action of the President of the United States, there will be a different form and shape of this appropriations bill by the time it comes back from the conference, or by the time it is actually enacted in the fall. We are not giving the priorities in the areas of education, and I must say even in the health area, that I think the American people want and deserve. The principal reason for that is there is an assumption within the Republican leadership that there will be a tax break of some \$792 billion. So if you are going to write that into the budget, or parts of that into the budget, you are

going to squeeze other programs. That is really what has happened.

I daresay that at a time when we are gaining increased awareness and understanding about what actually helps children expand their academic achievement and their accomplishments, as a result of some dramatic reports, which I find compelling—and actually self-evident—we find we are really not taking the benefits of those reports and using them in ways that can benefit the greatest number of children in this country.

I think again of the excellent presentations of the Senator from Washington, Mrs. MURRAY, when she spoke time and time again about the importance of smaller class sizes. She referred again and again to the excellent studies done in Tennessee with thousands of children, going back to 1985, that resulted in smaller class sizes, and we find that children have made very significant progress.

I remember Senator MURRAY mentioning the SAGE Program in Wisconsin, which has been enacted in recent years. I myself met these past weeks with members of the school board, parents and teachers out in Warsaw, WI, who participated in that program and commented about the importance of investing in children with smaller class sizes. So we know this is something that works. If we are going to have scarce resources, we ought to give focus and attention to something that works, as Senator MURRAY has pointed out. I think she brings credibility to this issue because she is a former school board member and a former first grade teacher herself. She has been in the classroom and knows what works. We have been very fortunate to have her presentation on this issue and her enthusiasm for it.

We also know, looking over the recent history, that we have actually had bipartisan support for smaller class sizes. We saw yesterday her amendment was not successful, but it was very closely fought in a divided Senate, and I am hopeful, with the strong support of the Senate, we can finally persuade Congress, as we have in the past, to move ahead in that direction.

We have to understand this legislation is going to go to the House of Representatives, which has seen a very sizable reduction in its commitment to the funding of these various programs. Whatever we do here is going to be knocked back significantly. That is why many of us were very hopeful we could go ahead and add some additional resources so at least coming out of the conference we would have something worthy of the children of this country. But we have been unable to do that. We have to look back over the years and see what has happened, ultimately, in allocating funding resources in the area of education when we have had Republican leadership. We hear a great deal about the importance of investing in children, but the tragic fact is that it is not reflected in the requests by

the Republicans either in the House or the Senate in recent years.

I remember very clearly the 1995 rescission because I remember the debate in 1994, when we had a rather significant enhancement in our investment in children. The ink was hardly dry, the results were in, and the results of 1994 and 1995 were that we had a very vigorous debate on rescinding money that had already been appropriated and signed by the President. After the extraordinary efforts made by the Republican leadership to actually rescind those funds, we had those rescissions in 1995.

Then the House bill in 1996 was \$3.9 billion below what was actually enacted in 1995. Then in 1997, the Senate bill was \$3.1 billion below the President's request; the House and Senate bill in 1998 was also below the President's request. This was a time when the Republicans were trying to abolish the Department of Education.

I think most parents feel it is important to have a Cabinet Member sitting in the Cabinet room so that every time the President of the United States meets with the Cabinet to make decisions on priorities, there will be someone in there to say, "What are we going to do on education, and particularly education that is going to affect the elementary and secondary schoolchildren of this country, particularly at a time when we have exploding numbers of children who are going into our classrooms?"

Nonetheless, what we continue to see, in 1999, is the House was \$2 billion below the President's request; in 2000, \$2.8 billion below the President's request; and in 2001, \$2.9 billion below the President's request. This is what has happened.

Members ask: "Why do the Democrats try to force these issues? Why don't we just go ahead and accept what these appropriations committees have done?" They try to defend their positions with all these facts about what is really happening out there in education, but when you add them all up, this is what you are finding: The Federal share of education funding has declined. If you look at higher education, from 1980 to 1999, the federal share declined from 15.4 percent to 10.7 percent.

If you look at elementary-secondary education, from 1980 to 1999, we see a decline from 11.9 percent to 7.7 percent. Only 7.7 percent of every dollar spent locally is Federal money, and this is perhaps the lowest figure we have had in elementary-secondary education. In terms of the amount of our budget, which is \$1.8 trillion, this is less than one percent. It is less than one penny per dollar. If you combine the elementary and higher education, you may be getting close to two pennies. That, I think, is what concerns many of us, particularly at a time when we are finding out the total number of children is increasing.

We recognize there should be a partnership among the Federal, State, and

local governments in enhancing academic achievement. We have learned important lessons: Smaller class sizes work and better trained teachers work. Take the two States that have invested in teachers: North Carolina and Connecticut. They are seeing dramatic results in academic achievement.

We have been fighting to provide the resources to do that. That is what the debate is about. We have, I think, demonstrated to this body and, hopefully, the American people the seriousness of our purpose in allocating resources to what the American families want, and they want to invest in children and education. We believe that is quite preferable to the large tax breaks which have been included in the overall budget. We will continue this battle.

I yield the floor.

#### THE RURAL RECOVERY ACT OF 2000

Mr. DASCHLE. Mr. President, yesterday I introduced the Rural Recovery Act of 2000 to help address the economic malaise that has gripped certain rural areas of our country. The legislation will authorize the Department of Agriculture to provide grants to rural communities suffering from out-migration and low per-capita income.

Rural areas of our nation continue to experience an erosion in their economic well-being. Statistics bear out the decline in rural economic activity, but they fail to fully capture the human suffering that lies just beyond the numbers. Economic downturns lead to the migration away from farm-dependent, rural communities, further stifling economic opportunities for those left behind. The 1990 Census highlighted these migratory trends, and I anticipate that similar trends will be captured by the 2000 Census, as well.

In short, the prosperity from which many Americans have benefited from during the past decade has left many rural areas standing by the wayside. If this trend continues, more and more young people will be forced to leave the towns they grew up in for opportunities in urban areas. In towns like Webster, Eureka, and Martin, South Dakota, we are seeing farm families broken up, populations decline, and main street businesses close their doors. While there is no doubt that economic growth in our urban areas has benefited our nation, the disparity of economic development between our rural and urban areas cannot be ignored. If nothing is done to address the economic challenges facing these areas, we will jeopardize the future of rural America.

That is why I have introduced legislation to provide the nation's rural areas with the resources necessary to make critical investments in their future and, by doing so, to create economic opportunities that will help them sustain a valuable and important way of life. It also will help rural areas provide basic services at times when they are losing a significant part of